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Message Text

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60
ACTION ARA-17

INFO OCT-01 ADP-00 SSO-00 CCO-00 NSC-10 NSCE-00 INRE-00

USIE-00 CIAE-00 DODE-00 PM-09 H-02 INR-10 L-03

NSAE-00 PA-03 RSC-01 PRS-01 SS-15 M-03 A-01 SY-10

NEA-10 OPR-02 PER-05 USSS-00 SCA-01 RSR-01 /105 W
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FM AMEMBASSY MEXICO
TO SECSTATE WASHDC IMMEDIATE 5751

UNCLAS MEXICO 3094

E. O. 11652: GDS
TAGS: OGEN, PINS, APER, MX
SUBJECT: GUADALAJARA KIDNAPPING: SPECIAL REPORT ON POLICY CONSIDERATIONS AND STATEMENT OF STATE DEPARTMENT SOURCES IN MEXICAN PRESS

1. U. S. AND MEXICAN POLICY REGARDING TERRORISTS KIDNAPPING AND PARTICULARLY THAT OF GUADALAJARA CONSUL GENERAL TERRANCE G. LEONHARDY WAS THOROUGHLY AIRED BY MEXICAN NEWSPAPERS TODAY.

2. THE US. S. VIEWSPOINT WAS BASED ON WIRE SERVICE ACCOUNTS (AP, UPI, EFE) AND WAS ATTRIBUTED TO STATE DEPARTMENT OFFICIALS, WHO REPORTEDLY SAID NEGOTIATIONS TOWARD THE LIBERATION OF LEONHARDY WERE " ENTIRELY IN THE HANDS OF THE GOVERNMENT AND POLICY OF MEXICO".

3. THE ASSOCIATED PRESS QUOTED A STATE DEPARTMENT SPOKESMAN AS SAYING, " ALL DECISIONS ARE BEING TAKEN BY THE MEXICAN GOVERNMENT. IT IS THE POLICY OF THE UNITED STATES THAT THE RESPECTIVE GOVERNMENT IS SOVEREIGN AND WILL HAVE TO TAKE DECISIONS IN ACCORDANCE WITH ITS BEST JUDGMENT. OUR GENERAL POINT OF VIEW ON TERRORISM HAS NOT CHANGED".

4. THE AP REPORT POINTED OUT THAT, " PRESIDENT NIXON, SECRETARY
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OF STATE ROGERS AND OTHERS HAVE PUBLICLY DECLARED THAT THE
UNITED STATES WILL NOT BE BLACKMAILED BY KIDNAPPERS".

5. STATE DEPARTMENT SPOKESMEN, ACCORDING TO A UPI STORY,
ALSO AFIRMED THAT THE U. S. HAD NOT PRESSURED ME
I WANT TO UNDERSCORE THE FACT THAT THE PRESIDENT, AFTER
CONSIDERING THE BUDGETARY AND BALANCE OF PAYMENTS CONSTRAINTS,
STILL FEELS STRONGLY THAT WE MUST GIVE PRIORITY TO OUR PAST
AGREEMENTS TO PROVIDE FUNDS TO THE INTER- AMERICAN DEVELOPMENT
BANK. THE PRESIDENT' S 1974 BUDGET INCLUDES $500 MILLION
IN CONCESSIONAL FUNDS FOR THE BANK. IN ADDITION, THERE IS BEFORE
THE CONGRESS A $193 MILLION CAPITAL SUBSCRIPTION REQUEST MAINLY
IN THE FORM OF GUARANTEE AUTHORITY FOR ADDITIONAL BANK BORROW-
INGS IN CAPITAL MARKETS.

WE WILL PRESS FOR APPROPRIATION OF THESE AMOUNTS. BUT
THE CONGRESS WILL INDEPENDENTLY EXAMINE PRIORITIES AND FRANKLY
SPEAKING, I CANNOT DESCRIBE THE CONGRESSIONAL PROSPECTS AS
OTHER THAN UNCERTAIN. IF WE CAN CLEARLY SHOW THAT THIS BANK
PLAYS A CRUCIAL ROLE IN BUILDING STRONGER ECONOMIES
IN LATIN AMERICA, THEREBY CONTRIBUTING TO ECONOMIC STABILITY
AND A PEACEFUL WORLD, THERE MAY BE GROUNDS FOR GREATER OPTIMISM.
IN THIS REGARD, THE BANK HAS A REAL RECORD OF ACCOMPLISH-
MENT. LAST YEAR, TOTAL MARKET RATE AND CONCESSIONAL LENDING
REACHED $800 MILLION AND THE QUALITY OF THE BANK' S PROGRAMS
CONTINUED TO IMPROVE. A NUMBER OF SPECIFIC ACTIONS TAKEN
LAST YEAR TO MAKE THE BANK MORE EFFECTIVE ALSO DESERVE SPECIAL
NOTE.

SEVERAL YEARS AGO THIS BANK ESTABLISHED THE FIRST
INDEPENDENT EVALUATION MECHANISM OF ANY OF THE INTERNATIONAL
FINANCIAL INSTITUTIONS. THIS WAS A HEALTHY STEP. IT WAS
OF PARTICULAR CONCERN TO THE UNITED STATES CONGRESS AS A
MEANS OF INSURING EFFECTIVE USE OF BANK FUNDS.

THIS EVALUATION GROUP CARRIED OUT LAST YEAR THREE
MORE IN- DEPTH EVALUATIONS OF BANK PROGRAMS, RESULTING
IN MAJOR IMPORVEMENTS IN THE BANK' S OPERATIONS-- AND ADDITIONAL
EVALUATIONS ARE IN PROCESS. THE BANK' S ABILITY AND WILLINGNESS
TO PROFIT FROM CONSTRUCTIVE, INDEPENDENT EVALUATION PROVIDE
THE BEST GUARANTEE TO DONORS AND RECIPIENTS THAT THE INSTITU-
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

TION WILL CONTINUE TO EVOLVE TO MEET CHANGING CONDITIONS
AND MEET THE NEEDS OF ITS MEMBERS.

THE THRUST FOR IMPROVED OPERATING EFFICIENCY WAS ALSO
CARRIED FORWARD SIGNIFICANTLY BY THE IMPLEMENTATION DURING
THE LAST 1 2 MONTHS OF THE REORGANIZATION RECOMMENDATIONS
THAT GREW OUT OF AN INDEPENDENT CONSULTANT' S STUDY.

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ANOTHER MILESTONE IN THE BANK' S PROCESS OF CHANGING
IN ACCORDANCE WITH THE PROGRESS OF THE REGION WAS PASSED LAST
YEAR. THE BOARD OF EXECUTIVE DIRECTORS ACTED TO IMPLEMENT
THE BOARD OF GOVERNORS' DECISION THAT IT WAS NOW APPROPRIATE
TO PHASE DOWN SOFT LOANS TO THE RICHER COUNTRIES, IN ORDER
TO INCREASE THE FLOW OF THESE FUNDS TO THE POORER NATIONS OF
THE REGION WHOSE ECONOMIES ARE NOT YET ABLE TO ACCEPT
SUBSTANTIAL AMOUNTS OF LOANS ON COMMERCIAL TERMS. THESE
RELATIVELY LESSER DEVELOPED NATIONS WILL ALSO NEED TECHNICAL
ASSISTANCE IN PROJECT IDENTIFICATION AND PREPARATION. MUCH
OF THIS ASSISTANCE COULD NOW BE PROVIDED BY THE MORE ADVANCED
MEMBERS OF THE REGION THEMSELVES. THEY HAVE GAINED PRACTICAL
EXPERIENCE IN OVERCOMING MANY OF THE DIFFICULTIES WHICH LESSER
DEVELOPED COUNTRIES STILL FACE.

ALSO, THE BANK IS TAKING STEPS TO INCREASE ITS
DONOR COUNTRY MEMBERSHIP. THIS WILL BROADEN THE RESOURCE BASE
OF THE INSTITUTION, MAKE IT LESS DEPENDENT ON THE UNITED
STATES, AND DO SO IN A WAY WHICH FULLY PRESERVES THE
FUNDAMENTAL HEMISPHERIC NATURE OF THE BANK.

I MUST ACKNOWLEDGE THAT THERE REMAIN POLICY PROBLEMS
WHICH AFFECT THE BANK AND THE ABILITY OF THE UNITED STATES
TO PROVIDE FINANCIAL SUPPORT FOR IT . THE BANK HAS A USEFUL
ROLE TO PLAY AS AN INTERMEDIARY IN HELPING TO RESOLVE INVEST-
MENT DISPUTES, A ROLE BEST PLAYED OUT OF THE HEADLINES AND
WITH QUIET PATIENCE. THESE DISPUTES CONTINUE TO AFFECT
ECONOMIC HARMONY AND COOPERATION IN THE HEMISPHERE. THEY
ARE THUS A MATTER OF INTERNATIONAL CONCERN, NOT JUST A BILATERAL
ISSUE. WE WOULD HOPE THAT SUCH DISPUTES COULD BE SWIFTLY
RESOLVED SO THAT THE IMPORTANT WORK OF DEVELOPMENT CAN GO
FORWARD UNIMPEDED. BUT THE POSITION OF BOTH THE EXECUTIVE
BRANCH AND THE CONGRESS OF MY COUNTRY IS CLEAR. U. S. TAX-
PAYERS' FUNDS SHOULD NOT BE PROVIDED TO NATIONS WHICH HAVE
LIMITED OFFICIAL USE

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EXPROPRIATED PROPERTY OF UNITED STATES FIRMS WITHOUT THE
PROMPT, ADEQUATE, AND EFFECTIVE COMPENSATION CONTEMPLATED,
BOTH BY INTERNATION LAW AND OUR DOMESTIC LAW.

THIS BANK WAS FOUNDED IN A SPIRIT OF FRIENDSHIP AND
COOPERATION IN THE HEMISPHERE. ITS WORK HAS PROVEN THAT
DIFFERENT NATIONS WORKING HARMONIOUSLY CAN ACCOMPLISH MUCH
MORE TOGETHER THAN THEY CAN SEPARATELY. IN RECENT YEARS, THERE
HAS BEEN A TENDENCY TO IGNORE THIS LESSON. IT IS UNQUESTIONABLE
THAT HEMISPHERIC RELATIONS ARE PASSING THROUGH A PERIOD OF
TRANSITION, AND NEW APPROACHES TO REGIONAL COOPERATION, SUCH
AS THOSE BEING SOUGHT WITHIN THE OAS FRAMEWORK, ARE APPROPRIATE
AND HEALTHY. I WOULD HOPE, HOWEVER, THAT WE DO NOT LOSE
SIGHT OF THE COMMON OBJECTIVES THAT WE SHARE , AND OF THE

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COOPERATION WE NEED TO ACCOMPLISH THESE OBJECTIVES, AND TO ACHIEVE EQUITABLE ECONOMIC REFORM. THIS COOPERATION CAN FORM THE BASIS OF A CONTINUED AND FRUITFUL RELATIONSHIP AMONG ALL OUR NATIONS.

THERE ARE GREAT OPPORTUNITIES WHICH CONFRONT US. WE MUST TAKE FULL ADVANTAGE OF THEM. FOR MY PART I WILL DO EVERY-THING POSSIBLE TO SEE THAT CLOSE COOPERATION CONTINUES BETWEEN THE UNITED STATES AND LATIN AMERICA AND THAT THE INTER- AMERICAN DEVELOPMENT BANK CONTINUES TO BE ABLE TO PLAY ITS VITAL ROLE IN ACHIEVING ECONOMIC AND SOCIAL PROGRESS IN LATIN AMERICA. END QUOTE.
DE ROULET

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*** Current Handling Restrictions *** n/a
*** Current Classification *** UNCLASSIFIED

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 06 MAY 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973MEXICO03094
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: n/a
Errors: n/a
Film Number: n/a
From: MEXICO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730537/aaaahyrj.tel
Line Count: 184
Locator: TEXT ON-LINE
Office: ACTION ARA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: kelleyw0
Review Comment: n/a
Review Content Flags: ANOMALY
Review Date: 16 OCT 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <16-Oct-2001 by kuehnbc0>; APPROVED <23-Oct-2001 by kelleyw0>
Review Markings:

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US Department of State
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30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: <DBA CORRECTED> mcm 971212
Subject: GUADALAJARA KIDNAPPING
TAGS: APER, PINS, MX, OGEN
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

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